

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 031253Z JUL 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC IMMEDIATE 2975

C O N F I D E N T I A L TEL AVIV 3656

EXDIS

E O 11652: GDS

TAGS: OVIP (SIMON, WILLIAM)

SUBJECT: SECRETARY SIMON'S MID EAST TRIP

REF: STATE 142497

TEL AVIV 3590

1. I APPLAUD THE EXCELLENT DRAFT STRATEGY PAPER PREPARED FOR SECRETARY SIMON'S TRIP AND AGREE THAT HIS VISIT HERE SHOULD HAVE A VERY POSITIVE EFFECT ON OUR RELATIONS WITH ISRAEL. ISRAELIS WILL INTERPET VISIT BY OFFICIAL OF SECRETARY'S STATURE, SO SOON AFTER PRESIDENT'S VISIT, AS STRONG EVIDENCE OF U.S. INTENT TO CARRY OUT COMMITMENTS CONTAINED IN JOINT STATEMENT OF JUNE 17.

2. I SHOULD STRESS, HOWEVER, THAT THEIR HIGH EXPECTATIONS OF FUTURE U.S. AID WILL LEAD THEM TO HOPE SECRETARY WILL SET FORTH, AT LEAST IN ROUGH OUTLINE, MAGNITUDE AND TERMS OF EXPANDED U.S. ECONOMIC AND MILITARY AID. FACT THAT NO COMMITMENTS REGARDING LONG-TERM AID WERE GIVEN TO DEFENSE MINISTER PERES WHILE HE WAS IN WASHINGTON WILL REINFORCE ISRAELI EFFORTS TO ACHIEVE THAT END WITH SECRETARY SIMON.

3. SECRETARY WILL BE ASKED HOW WE SEE TWO GOVERNMENTS PROCEEDING WITH RESPECT TO THE AREAS OF ECONOMIC COOPERATION CITED IN JOINT STATEMENT, SUCH AS DESALINATION, CIVIL AIR NEGOTIATIONS, AND ESTABLISHMENT OF U.S. / ISRAEL ECONOMIC COMMISSION. ISRAELIS CAN ALSO BE EXPECTED TO RENEW THEIR
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LONG-STANDING REQUEST FOR A LARGE PL-480 CONCESSIONAL

SALES PROGRAM (SEE EMBTEL 3306).

4. WITH REGARD TO PARA 7 OF STRATEGY PAPER, ACCOUNT SHOULD BE TAKEN OF THE ANTI-INFLATION MEASURES ANNOUNCED BY GOI ON JULY 2 (EMBTEL 3620). WHILE PACKAGE IS PROBABLY INADEQUATE TO REVERSE THE INFLATIONARY TREND, IT IS A SIGNIFICANT MOVE IN THE RIGHT DIRECTION TOWARD GREATER RESTRAINTS ON PUBLIC AND CONSUMER SPENDING. IT IS NEVERTHELESS TRUE THAT U.S. AID, ADMITTEDLY NECESSARY FOR ISRAEL'S SECURITY IN THE FORESEEABLE FUTURE, AT RECENT LEVELS PERMITS SUCCESSIVE ISRAELI GOVERNMENTS TO POSTPONE THE KIND OF REAL BELT-TIGHTENING THAT OTHER GOVERNMENTS WOULD HAVE NO CHOICE BUT TO IMPOSE.

5. FINALLY, I FEEL THERE SHOULD BE CLARIFICATION OF THE STATEMENT IN PARA 10 THAT AID DECISIONS " HAVE NOT IN THE PAST BEEN REACHED ON THE BASIS OF ANY RIGOROUS ANALYSIS OF ISRAEL'S BALANCE OF PAYMENTS REQUIREMENTS". THIS EMBASSY, AND INDEED VARIOUS WASHINGTON AGENCIES, HAS PROVIDED IN-DEPTH ANALYTICAL ASSESSMENTS OF ISRAEL'S BOP AND AID REQUESTS OVER THE LAST SEVERAL YEARS. FINAL DECISIONS ON AID, OF COURSE, HAVE USUALLY REFLECTED CONSIDERATIONS OTHER THAN PURELY ECONOMIC ONES. I AM NEVERTHELESS ENTIRELY IN FAVOR OF A MECHANISM BEING ESTABLISHED TO EXAMINE SYSTEMATICALLY ISRAELI AID REQUESTS AND BALANCE OF PAYMENTS REQUIREMENTS.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUL 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TELAV03656
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740176-0559
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740775/aaaacmrs.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: STATE 142497
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 AUG 2002 by boyleja>; APPROVED <19 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY SIMON'S MID EAST TRIP
TAGS: OVIP, (SIMON, WILLIAM)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005